

Australia

by Jim McCarthy

U.S. Commercial Service, Australia

U.S.-Australian trade ties are among the strongest in the world. The Australian market is extremely sophisticated and boasts an excellent communications and transportation infrastructure. Through a common language and shared business values, American companies often feel quite at home in Australia.

Despite its distance from the United States and relatively small population of 19 million people, Australia is the 13th-largest market for U.S. goods, totaling just over \$13 billion in 2002. The United States is the largest investor in Australia across a wide range of industries, including consumer goods, automobiles, mining, oil and natural gas production, financial services, and information technology. Similarly, the United States is the largest recipient of Australian investment overseas. Further investment could be accelerated by the adoption of the Australian-U.S. agreement on double taxation, which was negotiated in 2001 and should be approved in 2003.

Import duties are minimal. Since the early 1970s, average tariff levels have declined to the point at which 86 percent of Australia's tariffs are between zero and 5 percent. The average most-favored nation rate for industrial products is 4.7 percent. Australia's highest tariffs apply to apparels and certain finished textiles, passenger motor vehicles and components, and footwear.

The United States enjoys a trade surplus with Australia (\$6.6 billion in 2002), second worldwide only to the Netherlands. Although the surplus declined in 2001 due largely to a strong U.S. dollar and the aftereffects of the events of September 11, 2001, it bounced back in 2002 to \$6 billion. Coincidentally, so did the Australian dollar, which gained in value from a low of over A\$2.00 to the U.S. dollar in 2000 to its current level of close to A\$1.69.

The following sectors offer good prospects for U.S. exports:

- Information and communications technology
- Military and aerospace
- Safety and security
- Medical equipment and health care
- Environmental technologies
- Energy and mining production.